

7835.0100 DEFINITIONS.

Subpart 1. **Applicability.** For purposes of this chapter, the following terms have the meanings given them in this part.

Subp. 2. **Average annual fuel savings.** "Average annual fuel savings" means the annualized difference between the system fuel costs that the utility would have incurred without the additional generation facility and the system fuel costs the utility is expected to incur with the additional generation facility.

Subp. 2a. **Average retail utility energy rate.** "Average retail utility energy rate" means, for any class of utility customer, the quotient of the total annual class revenue from sales of electricity minus the annual revenue resulting from fixed charges, divided by the annual class kilowatt-hour sales. Data from the most recent 12-month period available before each filing required by parts 7835.0300 to 7835.1200 must be used in the computation.

Subp. 3. **Backup power.** "Backup power" means electric energy or capacity supplied by the utility to replace energy ordinarily generated by a qualifying facility's own generation equipment during an unscheduled outage of the facility.

Subp. 4. **Capacity.** "Capacity" means the capability to produce, transmit, or deliver electric energy, and is measured by the number of megawatts alternating current at the point of common coupling between a qualifying facility and a utility's electric system.

Subp. 5. **Capacity costs.** "Capacity costs" means the costs associated with providing the capability to deliver energy. The utility capital costs consist of the costs of facilities used to generate, transmit, and distribute electricity and the fixed operating and maintenance costs of these facilities.

Subp. 6. **Commission.** "Commission" means the Minnesota Public Utilities Commission.

Subp. 6a. **Customer.** "Customer" means the person named on the utility electric bill for the premises.

Subp. 7. **Energy.** "Energy" means electric energy, measured in kilowatt-hours.

Subp. 8. **Energy costs.** "Energy costs" means the variable costs associated with the production of electric energy. They consist of fuel costs and variable operating and maintenance expenses.

Subp. 9. **Firm power.** "Firm power" means energy delivered by the qualifying facility to the utility with at least a 65 percent on-peak capacity factor in the month. The capacity factor is based upon the qualifying facility's maximum on-peak metered capacity delivered to the utility during the month.

Subp. 10. **Generating utility.** "Generating utility" means a utility which regularly meets all or a portion of its electric load through the scheduled dispatch of its own generating facilities.

Subp. 11. **Incremental cost of capital.** "Incremental cost of capital" means the current weighted cost of the components of a utility's capital structure, each cost weighted by its proportion of the total capitalization.

Subp. 12. **Interconnection costs.** "Interconnection costs" means the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, and administrative costs incurred by the utility that are directly related to installing and maintaining the physical facilities necessary to permit interconnected operations with a qualifying facility. Costs are considered interconnection costs only to the extent that they exceed the corresponding costs which the utility would have incurred if it had not engaged in interconnected operations, but instead generated from its own facilities or purchased from other sources an equivalent amount of electric energy or capacity. Costs are considered interconnection costs only to the extent that they exceed the costs the utility would incur in selling electricity to the qualifying facility as a nongenerating customer.

Subp. 13. **Interruptible power.** "Interruptible power" means electric energy or capacity supplied by the utility to a qualifying facility subject to interruption under the provisions of the utility's tariff applicable to the retail class of customers to which the qualifying facility would belong irrespective of its ability to generate electricity.

Subp. 14. **Maintenance power.** "Maintenance power" means electric energy or capacity supplied by a utility during scheduled outages of the qualifying facility.

Subp. 15. **Marginal capital carrying charge rate in the first year of investment.** "Marginal capital carrying charge rate in the first year of investment" means the percentage factor by which the amount of a new capital investment in a generating unit would have to be multiplied to obtain an amount equal to the total additional first year amounts for the cost of equity and debt capital, income taxes, property and other taxes, tax credits (amortized over the useful life of the generating unit), depreciation, and insurance which would be associated with the new capital investment and would account for the likely inflationary or deflationary changes in the investment cost due to the one-year delay in building the unit.

Subp. 15a. **Net metered facility.** "Net metered facility" means an electric generation facility constructed for the purpose of offsetting energy use through the use of renewable energy or high-efficiency distributed generation sources.

Subp. 16. **Nongenerating utility.** "Nongenerating utility" means a utility which has no electric generating facilities, or a utility whose electric generating facilities are used only during emergencies or readiness tests, or a utility whose electric generating facilities are ordinarily dispatched by another entity.

Subp. 17. **On-peak hours.** "On-peak hours" means, for utilities whose rates are regulated by the commission, those hours which are defined as on-peak for retail ratemaking. For any other utility, on-peak hours are either those hours formally designated by the utility as on-peak for ratemaking purposes or those hours for which its typical loads are at least 85 percent of its average maximum monthly loads.

Subp. 17a. **Point of common coupling.** "Point of common coupling" means the point where the qualifying facility's generation system, including the point of generator output, is connected to the utility's electric power grid.

Subp. 17b. **Public utility.** "Public utility" has the meaning given in Minnesota Statutes, section 216B.02, subdivision 4.

Subp. 18. **Purchase.** "Purchase" means the purchase of electric energy or capacity or both from a qualifying facility by a utility.

Subp. 19. **Qualifying facility.** "Qualifying facility" means a cogeneration or small power production facility which satisfies the conditions established in Code of Federal Regulations, title 18, part 292. The initial operation date or initial installation date of a cogeneration or small power production facility must not prevent the facility from being considered a qualifying facility for the purposes of this chapter if it otherwise satisfies all stated conditions.

Subp. 20. **Sale.** "Sale" means the sale of electric energy or capacity or both by an electric utility to a qualifying facility.

Subp. 20a. **Standby charge.** "Standby charge" means the rate or fee a utility charges for the recovery of costs for the provision of standby service or standby power.

Subp. 20b. **Standby service.** "Standby service" means:

A. for public utilities, service or power that includes backup or maintenance services, as described in the public utility's commission-approved standby tariff, necessary to make electricity service available to the distributed generation facility; and

B. for a utility not subject to the commission's rate authority, the service associated with the applicable tariff in effect under Minnesota Statutes, section 216B.1611, subdivision 3, clause (2).

Subp. 21. **Supplementary power.** "Supplementary power" means electric energy or capacity supplied by the utility which is regularly used by a qualifying facility in addition to that which the facility generates itself.

Subp. 22. **System emergency.** "System emergency" means a condition on a utility's system which is imminently likely to result in significant disruption of service to customers or to endanger life or property.

Subp. 23. **System incremental energy costs.** "System incremental energy costs" means amounts representing the hourly energy costs associated with the utility generating the next kilowatt-hour of load during each hour.

Subp. 24. **Utility.** "Utility" means:

A. for the purposes of parts 7835.1300 to 7835.1800 and 7835.4500 to 7835.4550, any public utility, including municipally owned electric utilities or cooperative electric associations, that sells electricity at retail in Minnesota; or

B. for the purposes of parts 7835.0200 to 7835.1200, 7835.1900 to 7835.4400, 7835.4600 to 7835.6100, 7835.9910, and 7835.9920, any public utility, including municipally owned electric utilities and cooperative electric associations, that sells electricity at retail in Minnesota, except those municipally owned electric utilities that have adopted and have in effect rules consistent with this chapter.

Statutory Authority: *MS s 216A.05; 216B.08; 216B.164*

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